

29 April 2024

icetana March 2024 Quarterly Report

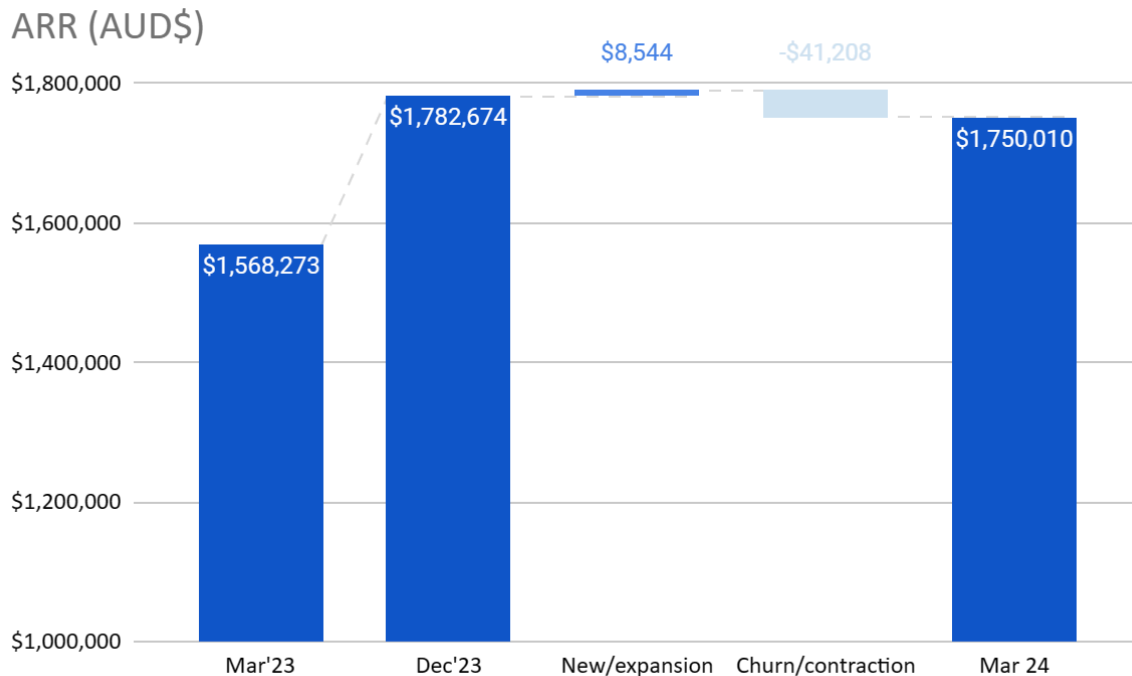
icetana Limited (ASX: ICE) ("**icetana**" or "**the Company**" or "**we**"), a company building artificial intelligence video analytics software to help security and IT teams manage large scale surveillance networks, is pleased to release its activities report and Appendix 4C for the quarter ended 31 March 2024 (Q3 FY24).

Highlights:

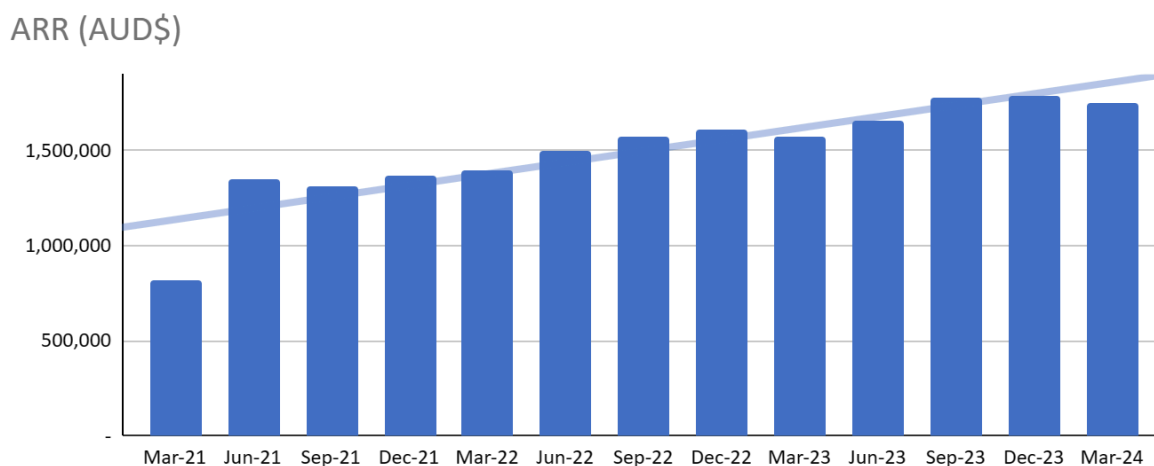
- **Annualised recurring revenue of \$1.8m as at March 2024, up 12% year on year and down 2% quarter on quarter.**
 - **A strong quarter of new sales, which will add \$150k of ARR as cameras are deployed in the coming months.**
 - **Quarterly revenue in the March quarter was \$499k, up 18% year on year and down 78% quarter on quarter (due to last quarter's one-off hardware sale).**
 - **Net ARR retention was 98% over the quarter, however multiple expansion deals signed this quarter should see positive net retention in Q4 as revenue is recognised.**
 - **Net operating cash outflow was \$718k for the quarter, remaining well capitalised with \$1.9m cash at bank.**
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Financials

Annualised recurring revenue (ARR) decreased 1.8% QoQ and increased 12% YoY to \$1.8m:



While the quarter was flat in terms of ARR growth, strong sales orders during this quarter will convert to \$150k of ARR growth once the cameras are deployed and revenue can be recognised in the coming months.



Quarterly revenue through the March quarter was \$499k, up 18% year on year but down 78% quarter on quarter (as a result of a one-off significant hardware sale last quarter).

The Company received a total of \$476k cash from customers during the quarter, up 17% on the March 2023 quarter but down 70% on the previous quarter, largely as a result of a material non-recurring hardware sale in the December quarter.

Key metric	March 24 quarter	Variance from previous quarter	Variance from same quarter last year
ARR	\$1.8m	▼ 2%	▲ 12%
Quarterly Revenue	\$499k	▼ 78%	▲ 18%
Cash from customers	\$476k	▼ 70%	▲ 17%

The gross margin was 76%, slightly below historical trend due to a Delco Security hardware sale during the quarter attracting lower margin than the usual SaaS revenue.

Key metric	March 24 quarter
Gross margin	76%
Net ARR retention ¹	98%

As evidence of the leadership's team confidence in the company's strategic positioning and sales pipeline, multiple icetana executives have further increased their shareholdings over recent weeks, with 16% of shares now held by the Board and 4% by the executive team.

Chief Executive Officer Kevin Brown commented:

"While this quarter's headline ARR growth rate is disappointing, it doesn't tell the real story of what has in fact been a quarter of significant growth in new sales orders. These sales will directly translate into ARR growth in the coming months, as the new contracts are deployed and billing commences.

It's been encouraging to see the sales traction resulting from our investment in the sales and marketing functions, and in particular to see our focus on the Middle East market start to pay off, with new sales in India and Jordan.

¹ Revenue expansion from existing customers less loss or contraction from existing customers

In addition to these new sales, the expansion renewals of Delco and Abu Dhabi Ports will further contribute to ARR growth in the June quarter.

Strategic partnership talks with video management system providers continue, and I look forward to sharing news on these in the near future."

Customers: new orders, renewals and deployments

Traction, new orders and expansion this quarter included:

- Renewal of a 3 year, \$1m contract with Prosegur Singapore, which will see the end user upgrade to icetana's latest version software².
- A 3 year expansion sale to Abu Dhabi Ports, which will add over \$40k to ARR during the June quarter³.
- \$250,000 hardware and expansion deal through Canadian reseller Delco Security, for a five year contract, to add over \$30k to ARR as of next month⁴.
- Continued orders from the Japanese market, including a proof-of-value sale to a Japanese railway company³.
- Partnership with software distributor GSI, our first distributor in Jordan, which led to a first sale with an end user in the defence sector, to add over \$45k ARR³.
- First sale to Startologic Technologies, a fast-growing security software distributor in India, to add over \$30k to ARR as of next month³.

Retention and renewals

In addition to the above, the quarter's renewals included the receipt of a \$500K purchase order from our largest customer Majid Al Futtaim, for the annual renewal of their contract³.

In addition to renewals, expansion sales from existing customers remain a focus through our customer success efforts. A new customer experience role has been created to support this, and the role has been filled since the end of the quarter, bringing to four the number of new sales & marketing roles filled in the past six months.

This quarter's net ARR retention metric was 98%, mostly due to the delay in renewal of an existing contract. However we are well progressed in negotiating a delayed but expanded renewal with this customer, and we look forward to a healthy net ARR retention metric next quarter.

² Previously announced on 25 January 2024

³ These agreements are not considered material on a standalone basis

⁴ Previously announced on 31 January 2024

Product progress

The product had a strong development quarter with many new features adding to existing customer value and also attracting new customers. Some notable additions were:

- **Integrations** with three main VMS providers (Milestone, Genetec and NX Witness), enabling user and camera management in one interface.
- **Heatmaps** providing a detailed analysis of the activity and dwell time of people, vehicles and bicycles across customer scenes, allowing insights into behaviour patterns.
- **Context learning** enabling operators to train the system to better understand their needs. This increases engagement and investment and continues to move us into the world of autonomous security.
- **Left luggage detection** identifying unattended suitcases and backpacks in real time, ensuring a proactive response for sites particularly airports and transport hubs.
- **PPE hard hat and hi-vis detection** alerting when someone is not wearing required personal protective equipment on sites helping to ensure safety procedures are being followed.
- **Camera offline notification** and **camera status history** page enabling IT teams to see the status of their application.
- **Improved GPU support** allowing us to support modern NVIDIA Ada GPUs.

We have also built two new product offerings:

- **Forensic searching** enabling operators to quickly find a person of interest across all their cameras, providing a faster response and resolution to criminal activities.
- **Full video recording** providing operators with the ability to add events into icetana and also see a full historic review of all footage from their site without needing to use their separate VMS software.

Cashflow

Over the past 12 months the Company's net operating cash outflows (excluding investing/financing activities) have averaged \$148,000 per month. At quarter end the Company's cash stood at \$1.9m, providing an extended runway and the ability to continue to invest in our sales and marketing capabilities.

Summary of expenditure

The Company's total operating cash expenditure during the quarter was approximately \$1.2m, comprising approximately:

- \$767k staff;
- \$405k operating and research and development;
- \$34k sales, marketing and partner expansion; and
- \$1k administration, corporate and other.

Payments totalling approximately \$38,000 (included in the above) were made to related parties of the Company, comprising gross salaries, superannuation and fees to executive and non-executive directors.

– ENDS –

Authorised for release by the Board of icetana Limited.

For further information contact:

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About icetana

icetana produces AI video analytics software to help Security and IT teams manage large scale surveillance networks.

Security Operators often have thousands of cameras to monitor and IT teams need to configure these camera streams. icetana offers a practical solution.

Its AI technology learns what's normal for each camera, identifying and reporting any unusual or potentially dangerous events in real time.

Designed to handle large scale surveillance networks, icetana's technology eliminates the need for individual camera stream configurations or rule-setting.

The company provides AI video analytics software, hardware, and cloud solutions, serving diverse industries including guarding services, retail, hospitality, public safety, transportation, education, and large enterprise.

icetana has a global footprint, with its AI solution used across 30+ clients, 70+ sites, and 15,000+ cameras at 15+ countries.